

Neighborhood Stabilization Program

Real Estate Owned (REO) Disposition Process

May 4, 2009



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Partnering with NSP recipients

- Bank of America acknowledges the increase in home foreclosures has negative social and economic consequences for families and communities across the country. Sustained homeownership and recovery of our communities is a priority for Bank of America
- We are committed to being part of the solution and are partnering with NSP recipients to make Foreclosed/REO properties available for purchase consistent with the regulations published by HUD for the Neighborhood Stabilization Program.
- NSP Recipients may designate one or more sub-recipients (not-for-profit or for-profit entities) to use the NSP funds.
- A dedicated Bank of America associate will be assigned to work with each NSP recipient.

Process Overview of Bank of America's NSP Purchase Programs

- Bank of America is committed to help support the efforts set forth in the HUD Program addressing distressed communities by offering the Purchaser the opportunity to acquire foreclosed real estate from the Bank under two different REO purchase programs:
 - Pre-listed REO Properties/"First Look" Purchase Program
 - Listed REO Purchase Program

Process Overview of Bank of America's NSP Purchase Programs

“First Look” Purchase Program

- NSP recipient will have a “First Look” of properties as they “flow” into the REO sales process.
- NSP recipient will have a window of time to view Bank of America properties which have entered the REO Sales process, but have yet to be listed in the MLS.
- The bank can provide NSP recipient with an updated list of newly acquired REO properties in a timely manner.
- If a property is of interest to the NSP recipient, they will notify the bank's NSP REO contact of their interest to purchase.
- The NSP recipient will have the opportunity to inspect the property prior to contract execution.
- The bank will provide NSP recipient with a offer price upon receipt of the “As-Is” value of the property.
- The NSP recipient will accept or reject the offer within the designated timeframe.

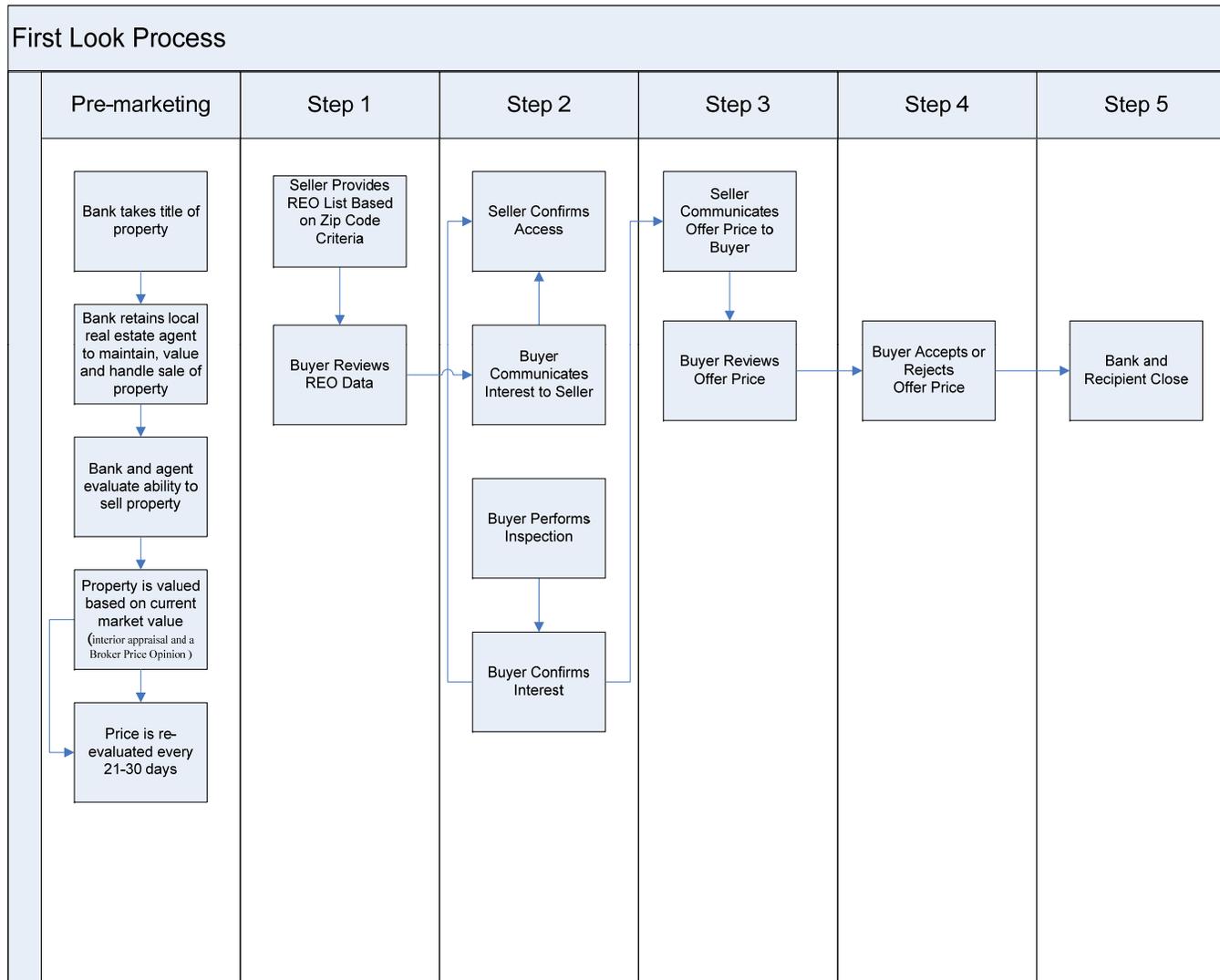
Process Overview of NSP Purchase Programs (continued)

Listed REO Purchase Program

Bank of America also will make available for purchase to NSP recipients “available” properties currently marketed by the bank consistent with HUD’s NSP regulations. The process will be as follows:

- A single point of contact will be established for the NSP recipient.
- The NSP recipient will complete the bank’s Property Request Form which will provide the bank with a list of target zip codes and acquisition requirements.
- The bank will provide the NSP recipient with a list of properties for sale.
- The NSP recipient is to identify properties of interest on the Excel spreadsheet provided by the bank, including the REO ID number.
- The bank will provide the NSP recipient with a sale price per property that represents the bank’s best effort to meet the NSP recipient’s needs balanced with the bank’s fiduciary duty shareholders or investors.
- The purchaser shall have a window of opportunity to accept or reject the bank’s offer.
- The purchaser may purchase 5 or more properties in a bulk transaction.

“First Look” Process under NSP (Bank = Seller)



Commonly Asked Questions

- **How does Bank of America determine the original “fair market value” and how is the initial list price established for each REO property?**

Answer: A full interior appraisal and an independent third-party Broker’s Price Opinion (BPO) are obtained to Establish Value. The list price is determined based on Bank of America’s Established Value taking into consideration the appraisal and the BPO and then factoring in further adjustments as necessary for location, marketing time and declining or increasing values.

- **How does Bank of America determine current “Fair Market Value”?**

Answer: Market Reviews are completed on a periodic basis while the property is listed, adjustment to the list price may be considered based on feedback from the listing agent, current offer activity, days on market, and competing market listings in the immediate area.

- **How does Bank of America establish the “Adjusted Purchase Price” for NSP recipients?**

Answer: Bank of America will review each REO property of interest taking into consideration the current List Price, days on market and condition along with the benefits of a cash purchase, savings from avoided expenses associated with a “First Look” NSP transaction. This pricing process is completed balancing the bank’s commitment to community revitalization with its fiduciary duty to its investors.

- **How does the buyer insure that the Adjusted Purchase Price meets NSP regulations?**

Answer: The buyer must obtain its own independent appraisal within sixty (60) days of closing to ensure compliance with NSP regulations. Bank of America will allow the buyer twenty-one (21) days from contract execution to complete their appraisal. If the “As-Is” appraised value obtained from the buyer’s appraisal does not satisfy its requirements under the NSP regulations, the buyer may terminate the purchase agreement.

Contacts

- **NSP Program Overview and Bank Participation**
 - Questions about the program should be directed to robert.grossinger@bankofamerica.com or 312.904.9671
- **NSP REO Purchase Requests**
 - Purchase Requests should be sent to tom.lin@bankofamerica.com or 805.579.5803

Bank of America



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